

20th May 2019

LGF Programme Update Paper

Purpose of Report

This paper provides an update on the 2018/19 LGF outturn position and the impact on the 2019/20 LGF programme.

Thematic Priority

Secure investment in infrastructure where it will do most to support growth

Freedom of Information and Schedule 12A of the Local Government Act 1972

This paper will be made available under the MCA publication scheme.

Recommendations

1. LEP are asked to consider and note the 2018/19 LGF outturn position and the impact on the 2019/20 LGF programme.

1. Introduction

- 1.1 The 11th June meeting of the MCA confirmed the budget for 2018/19 LGF programme of £42.47m with £8.66m of the 2017/18 allocation available to carry forward if this was required as additional to the £42.47m.
- 1.2 The 25th March 2019 MCA approved the LGF capital programme for 2019/20 with total expected available funding of £60.5m with committed project spend of £34.5m and potential headroom of £26m available to fund schemes from the reserve pipeline.

2. Proposal and justification

- 2.1 **2018/19 LGF spend** - The outturn position has now been confirmed as £45,541,103 (£45.54m). This is 107% of the in-year LGF allocation and means that for a third year running SCR MCA have achieved 100% spend of our expected allocation.

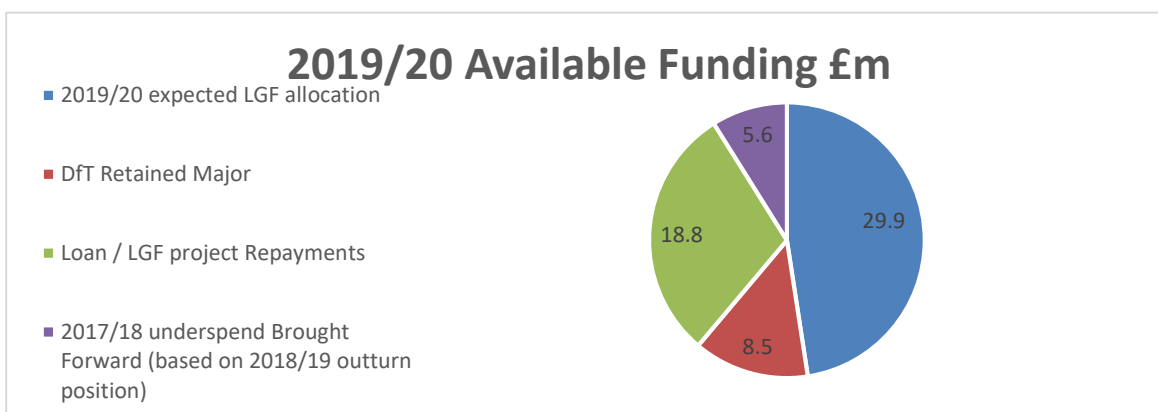
This means that we have utilised £3.07m of the additional £8.66m, hence £5.59m remains available to spend in 2019/20.

As a result of achieving 100% spend we have now received this year's grant offer which is 100% of our expected allocation.
- 2.2 As expected with a capital programme of this scale, the outturn spend for some committed schemes in 2018/19 differed to the approved spend when the budget was set in March 2018. **Appendix 1** sets out the individual projects but in summary the changes to schemes during 2018/19 are grouped into 8 categories shown below;

Programme Categories	No of projects	£m at outturn	£m change in year
In year spend reduced	7	8.84	-15.22
Projects withdrawn from the programme in year	2	0.00	-1.66
Spend accelerated from 2018/19 to 2017/18 at year end (after the budget was set)	2	0.09	-0.60
New scheme approved in year	8	21.89	21.89
Spend accelerated from 2019/20	5	8.49	1.89
Correction of accruals / claims and spend planned for 2017/18 but falling in 2018/19	4	0.55	0.55
In year spend in line with profile approved March 2018	5	5.68	0.00
Projects approved in year but not progressed to delivery	0	0.00	0.00
Total	33	45.54	6.85

2.3 2019/20

The total expected available funding for 2019 /20 is now £62.8m and is made up of the following elements.



As referenced in section 2.1 this includes:

- A new grant offer of £29.9m from MHCLG
- The £5.66m of funding carried forward from 2017/18.
- £8.5m allocation, which is currently subject to the retained major scheme being approved
- £18.8m loan repayments, broken down in detail in section 2.4 below.

2.4 The £18.8m anticipated loan LGF project repayment is broken down as follows:

Element	£m	Status / Comments
Capital receipt	£2.0	Funding received
FFE Loan Funding	£0.5	Funding received
FY Risk Capital	£0.32	Funding received
Hughes Armstrong	£0.10	Payment plan agreed, £20k received, payments due in quarterly instalments throughout the year, second instalment now due.
J36 Strategic acquisitions	£0.89	Subject to sales receipt in year
JESSICA loan	£15.00	Full value expected to be repaid 29 July 2019
Total	£18.81	

2.5 The project approval already in place for 2019/20 mean that we start this year with commitments of £38.09m, project profiles are set out in **Appendix 2**.

This **does not** include the potential approvals to be presented to the MCA in June 2019.

2.6 The remaining headroom in year is therefore £24.71m; however, it should be noted that £8.5m of this is ringfenced for the DfT retained major project hence £16.21m is available in year to fund other schemes. The June MCA is likely to receive funding approval requests of circa £12m (subject to appraisal process), £6m of which is due to be spent in 2019/20).

2.7 The Project Pipeline

The current pipeline of projects totals £105.96m from 25 projects, £38.7m of which are seeking funding within 2019/20. A summary of the project pipeline and indicative approval dates is included in **Appendix 3**.

Based on the current expected approval dates the 2019/20 programme is likely to be fully committed by the July MCA meeting and the full programme shortly after. This is highly likely to change as the projects progress through the assurance process and a record of planned approvals will be updated regularly.

2.8 The graphs at **Appendix 4** shows the overall performance of the LGF programme, the programme is currently over programmed (but not over committed) by £19.4m. While this provides a considerable buffer for schemes not progressing to delivery there is a growing concern from promoters that when their schemes are ready to deliver the funding will have run out. This concern is further compounded by the potential of new schemes to enter the programme (LGF and BIF).

3. Consideration of alternative approaches

3.1 This paper is not an options paper but presents the outturn position of the 2018/19 financial year and impact on 2019/20.

4. Implications

4.1 Financial – This paper set out the financial position of the LGF Capital Programme.

4.2 Legal – There are no direct legal implications as a result of this paper.

4.3 Risk Management – The current risks affecting over programming and potential over commitment is set out in section 2.7. The current level of over programming is £19.4m, it may be possible to mitigate this risk by use of successor funding when known.

4.4 Equality, Diversity and Social Inclusion – None as a direct result of this paper.

5. Communications

5.1 The outturn position reported in this paper has been communicated to Local Authority Chief Executives and Directors of finance prior to publication.

6. Appendices/Annexes

6.1 Appendix 1 – 2018/19 project spend and changes in year since the budget was set

Appendix 2 – Approved and Committed Projects

Appendix 3 - Project Pipeline and indicative approval dates

Appendix 4 - LGF Programme Graphs – 2018/19 outturn position

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Background papers used in the preparation of this report are available for inspection at: 11 Broad Street West S1 2BQ
Other sources and references:

Appendix 1 – 2018/19 project spend and changes in year since the budget was set

Name	Budget set at March 2018 CA £m	2018/19 outturn spend position £m	Change in year £m
In year spend reduced / comments			
BIF - July MCA approved reprofiling by £5.15m. Approvals and claims for large inward investors were lower than expected in 2018/19 two new BIF categories have been approved by the LEP in year to further assist indigenous business growth	18.78	6.54	-12.24
Skills Capital Competitive Fund - Project Call was published August / September 2018 and spend is now fully allocated against individual projects rather than at a programme level	1.25	0.00	-1.25
M1 J37 Phase 1 – Claycliffe - Original 18/19 spend profile amend to £500k in year by a reduction of £0.67, include in the profiles for June / July MCA	1.17	0.48	-0.69
M1 Junction 37 Ph2 – Economic Growth Corridor (Claycliffe) - Original 18/19 spend profile amend to £0k in year by a reduction of £0.60, spend reprofiled to match approvals process, approved by MCA in December 2018	0.60	0.00	-0.60
Chesterfield Waterside – In year claims were lower than expected	0.47	0.32	-0.15
Corporate – outturn position less than profiled, in part due to vacant posts in year and systems upgrade being delayed	1.14	0.96	-0.18
Strategic Testing Tools - outturn position less than profiled	0.650	0.536	-0.114
Projects withdrawn from the programme in year			
Claywheels lane sustainable industries park Phase 1	1.16	0.00	-1.16
Harworth and Bircotes Phase 2	0.50	0.00	-0.50
Spend accelerated from 2018/19 to 2017/18 at year end (after the budget was set)			
Finningley and Rossington Regeneration Route Scheme - Phase 2 (FARRRS)	0.48	0.00	-0.48
M1 Junction 36 – A6195 Dearne Valley Economic Growth Corridor (Phase 1 Hoyland)	0.20	0.09	-0.12
New scheme approved in year			
National Centre of Excellence for food Engineering - NCEFE	0.00	0.62	0.62
DMC2 - Digital Media Centre	0.00	1.05	1.05
Gullivers Infrastructure	0.00	1.50	1.50
DSA Capacity Expansion – Loan	0.00	3.50	3.50
Parkwood Ski Village	0.00	4.80	4.80
Yorkshire Wildlife Park	0.00	5.00	5.00
Glassworks	0.00	5.29	5.29
Harrison Drive, Langold	0.00	0.14	0.14
Spend accelerated from 2019/20			
M1 Junction 36 – A6195 Dearne Valley Economic Growth Corridor (Phase 2 Goldthorpe)	0.40	0.65	0.25
Upper Don Valley Flood Alleviation Scheme	0.30	0.52	0.22
DN7 Unity - Hatfield Link Road	4.00	4.43	0.43
G2G 2 – Castlegate	0.50	0.95	0.45
IRR Junctions	1.40	1.94	0.54
Correction of accruals / claims and spend planned for 2017/18 but falling in 2018/19			
STEP LTP - Balance of accruals taken in 2017/18 but not claimed	0.00	-0.07	-0.07

STEP PTE - Balance of accruals taken in 2017/18 but not claimed	0.00	-0.04	-0.04
Workshop Phase 2 - Minor spend in year identified during project closure, reported to the MCA in December	0.00	0.03	0.03
Doncaster Urban Centre - The Civic & Cultural Quarter (CCQ) - Project was planned to deliver in 2017/18 but was carried forward at year end, reported to the CA in June 2018 out turn paper	0.00	0.64	0.64
In year spend in line with profile approved March 2018			
Superfast South Yorkshire	2.40	2.40	0.00
Doncaster Urban Centre - Quality Streets	1.35	1.35	0.00
Doncaster Urban Centre - Waterfront West	0.75	0.75	0.00
Workshop Phase 2 b	1.15	1.15	0.00
L0154 SKILLS The Sheffield College Increasing Higher Level Skills Construction and Engineering	0.03	0.03	0.00
Projects approved in year but not progressed to delivery			
Century BIC Phase II - £1.6m project approved but not ready to deliver, returned to pipeline	0.00	0.00	0.00
Etna Heritage Hangar £0.4m project approved but not ready to deliver, returned to pipeline	0.00	0.00	0.00
Housing Fund Phase 2 – up to £15m approved for phase 2 subject to housing pipeline and availability of funding	0.00	0.00	0.00
Total	38.69	45.54	6.85

Appendix 2 – Approved and Committed Projects

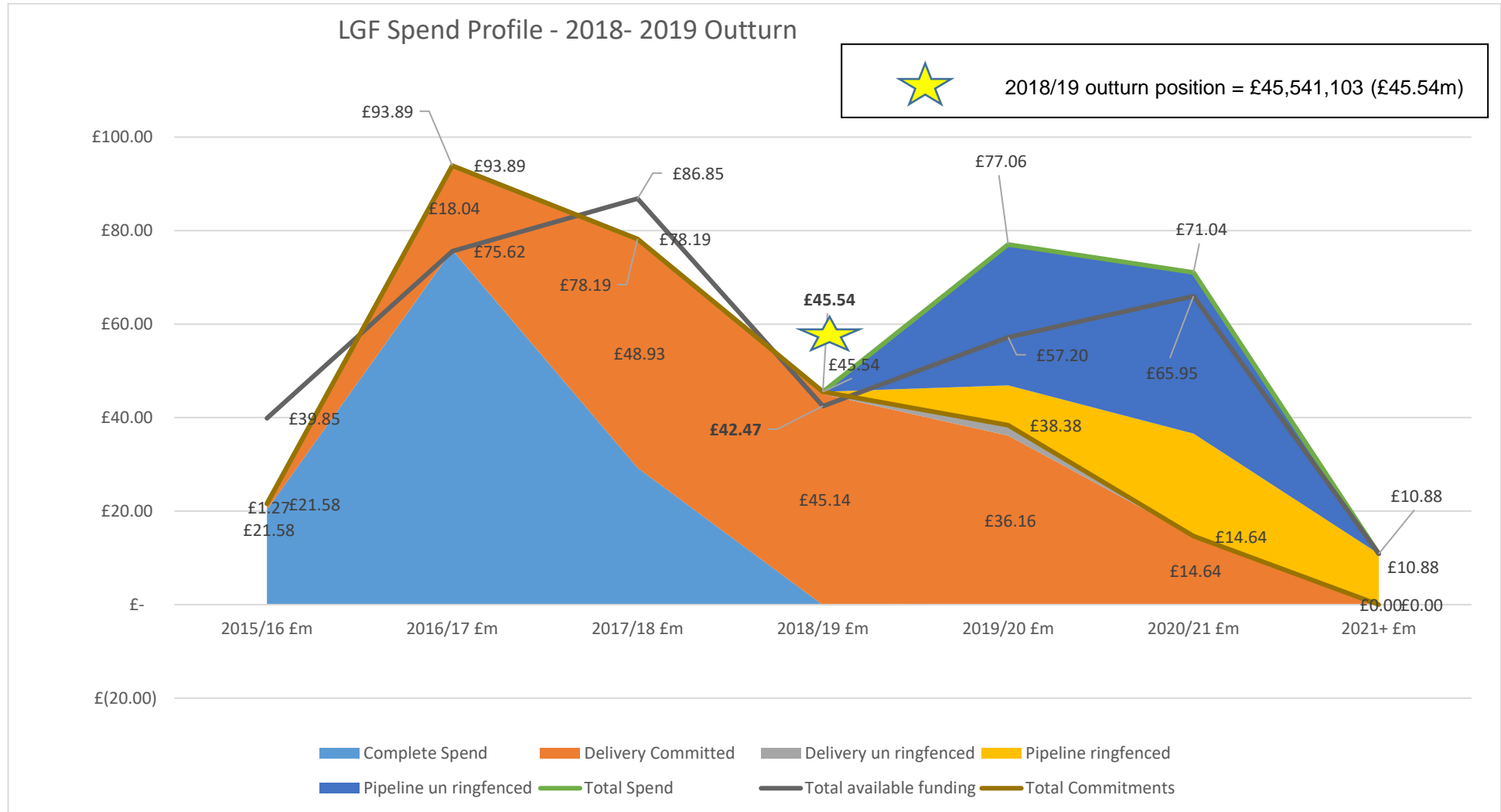
Project	LA	2019/20 Spend (£m)	2020/21 Spend (£m)	Total Spend All Years (£m)	Comments
Delivery Committed					
BIF	SCR	11.34	4.90	39.78	Allocations increased from £7.84m, £5.75m and £38.83m New approvals at 21 st March BIF panel meeting Claims from large inward investors were lower than expected in 2018/19.
DN7	DMBC	8.11	0	12.54	2019/20 allocation reduced from £9.55m due to acceleration of claims in 2018/19
M1 J36 Ph 2	BMBC	4.05	2.63	7.32	2019/20 allocation reduced from £4.17m and 2.70m in 2020/21 due to acceleration of claims in 2018/19
Upper Don Valley Flood	SCC	2.94	0	3.46	No change
M1 J36 Ph 1	BMBC	2.58	4.08	15.71	2019/20 allocation reduced from £2.62m due to acceleration of claims in 2018/19
Grey 2 Green 2	SCC	2.37	0	3.32	No change
IRR	SCC	1.85	0	3.79	2019/20 allocation reduced from £2.0m due to acceleration of claims in 2018/19
Digital Media Centre	BMBC	1.08	0	2.13	No change
Corporate	SCR	1.15	1.17	5.08	Total all years allocation has reduced from £5.26m due to underclaimed element in 2018/19
Testing tools	SCR	0.13	0.13	1.98	Total all years allocation has reduced from £2.03m due to underclaimed element in 2018/19
Total		35.59	12.91	95.10	
Delivery un-ringfenced - Project approved - pre contract conditions to be satisfied					
M1 J37 Ph 1	BMBC	0.69	-	1.17	2019/20 allocation increased from £0.67m.
Housing Fund Phase 2	SCR	1.53	0	1.53	Funding moved from 2018/19, final value still to be determined
Project Rhonda	RMBC	0.28	1.70	1.98	Project approved at 21 st March 2019 BIF Panel
Total		2.5	1.7	4.68	
Combined Total		38.09	14.61	99.78	Increased from £34.52, £13.83 and £95.57 since March Budget approval

Appendix 3 - Project Pipeline and indicative approval dates

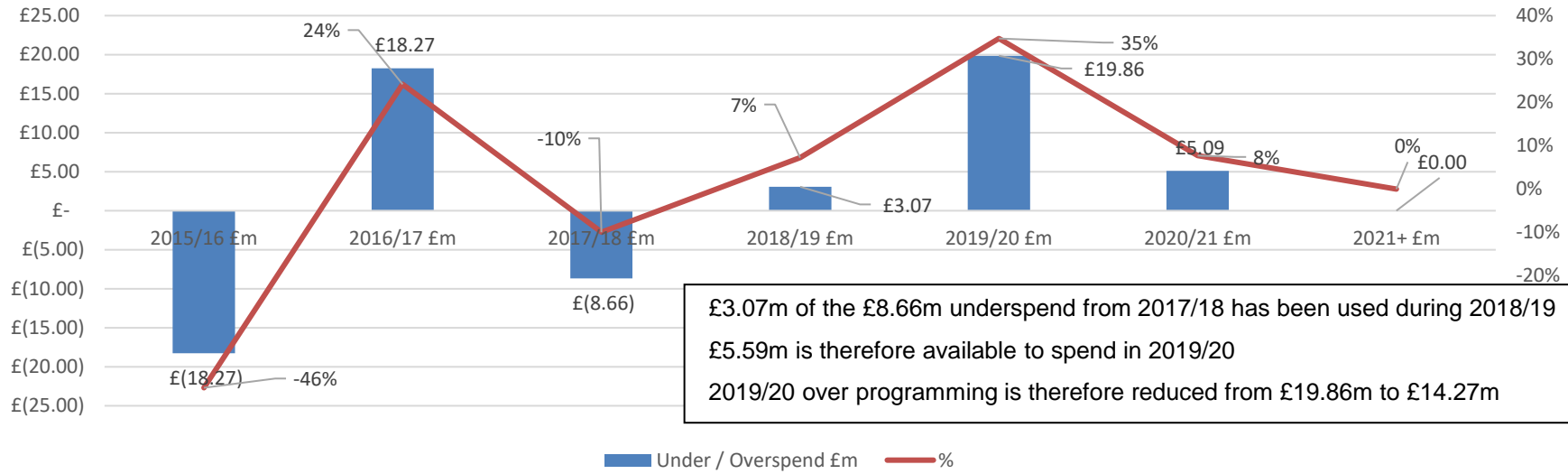
Stage	Project	19/20	later years	Potential Approval
3 Full Business Case	Waverley Local Centre	2.74	4.26	June 2019 MCA
3 Full Business Case	Project Abergavenny	1.00	1.20	June 2019 MCA
3 Full Business Case	360 VFX	0.91	-	June 2019 SEB
3 Full Business Case	From teenager to employee - A Sheffield City Region, engineering and advance manufacturing talent pipeline creator	0.49	-	June 2019 SEB
3 Full Business Case	BIF Company 0098	0.29	1.01	June MCA
Retained Major	Waverley Lower Don Valley A630	8.52	32.84	July 2019 MCA
3 Full Business Case	M1 Junction 37 Ph2 –Economic Growth Corridor (Claycliffe)	4.74	5.90	July 2019 MCA
3 Full Business Case	Doncaster Urban Centre Markets Phase 2	1.49	-	July 2019 IEB
3 Full Business Case	Digital Engineering Skills Development Network	0.58	3.13	July 2019 MCA
3 Full Business Case	Doncaster UTC Ltd	0.20	-	July 2019 SEB
3 Full Business Case	Doncaster Urban Centre - St Sepulchre West / Station Forecourt Phase 3	-	1.60	July 2019 MCA
3 Full Business Case	DSA Capacity Expansion - Grant	5.00	-	September 2019 MCA
2 Outline Business Case	Barnsley College Digital Innovation Hub	2.59	-	July 2019 MCA
2 Outline Business Case	Digital Innovation Partnership	1.88	4.13	July 2019 MCA
2 Outline Business Case	Bassingthorpe Farm Mitigation measures	1.40	1.90	September 2019 MCA
2 Outline Business Case	A630 Westmoor Link Dualing	2.50	2.50	November 2019 MCA
1 Pipeline	Productivity Challenge	0.33	0.67	Various BGEB through to March 2020
1 Pipeline	Made Smarter	0.33	0.67	Various BGEB through to March 2020
1 Pipeline	Indigenous Pipeline	0.28	0.67	Various BGEB through to March 2020

1 Pipeline	Project Penyfan	-	2.00	July 2019 MCA
1 Pipeline	Century BIC Phase II	0.60	1.00	November 2019 MCA
1 Pipeline	Etna Heritage Hangar	-	0.40	November 2019 IEB
1 Pipeline	Forge Island Phase 2	2.80	-	November 2019 MCA
1 Pipeline	DRIIVE	-	2.00	November 2019 MCA
1 Pipeline	Project flower	-	1.41	December 2019 MCA
		38.68	67.28	

Appendix 4 - LGF Programme Graphs – 2018/19 outturn position



LGF Programme Performance - 2018- 2019 Outturn



Programme spend / Funding - All years - 2018- 2019 Outturn

